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LAW OFFICES OF
PAUL, HASTINGS, JANOFSKY & WALKER

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

TENTH FLOOR
299 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20004-2400
TELEPHONE: (202) 508-9500
FACSIMILE: (202) 508-9700

COUNSEL
LEE G. PAUL
ROBERT P. HASTINGS
LEONARD S. JANOFSKY
CHARLES M. WALKER

LOS ANGELES OFFICE
555 SOUTH FLOWER STREET
LOS ANGELES, CALIFORNIA 90071-2371
TELEPHONE (213) 683-6000

ORANGE COUNTY OFFICE
695 TOWN CENTER DRIVE
COSTA MESA, CALIFORNIA 92626-1924
TELEPHONE (714) 668-6200

WEST LOS ANGELES OFFICE
1299 OCEAN AVENUE
SANTA MONICA, CALIFORNIA 90401-1078
TELEPHONE (310) 319-3300

ATLANTA OFFICE
SUITE 2400
600 PEACHTREE STREET, N.E.
ATLANTA, GEORGIA 30308-2222
TELEPHONE (404) 815-2400

CONNECTICUT OFFICE
1055 WASHINGTON BOULEVARD
STAMFORD, CONNECTICUT 06901-2217
TELEPHONE (203) 961-7400

NEW YORK OFFICE
399 PARK AVENUE
NEW YORK, NEW YORK 10022-4697
TELEPHONE (212) 318-6000

TOKYO OFFICE
ARK MORI BUILDING, 30TH FLOOR
P.O. BOX 577
12-32, AKASAKA 1-CHOME
MINATO-KU, TOKYO 107
TELEPHONE (03) 3586-4711

WRITER'S DIRECT DIAL NUMBER

(202) 508-9562

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

VIA MESSENGER

William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, N.W.; Room 222
Washington, D.C. 20554

Re: Arch Communications Group, Inc.
CC Docket No. 95-185
CC Docket No. 96-98
Ex Parte Presentation

Dear Mr. Caton:

On July 11, 1996, undersigned counsel and Dennis M. Doyle of Arch Communications Group, Inc. ("Arch") met with Karen Brinkmann and Rhonda Lien of the Wireless Telecommunications Bureau to discuss matters relating to the above-referenced dockets pertaining to interconnection and compensation for call termination for wireless service providers.

The positions advocated by Arch were consistent with the positions taken by Arch in its Comments and Reply Comments filed with reference to these proceedings. During the course of the meeting, Arch emphasized that there is a critical need for clear guidelines from the Commission regarding the interconnection obligations of local exchange carriers ("LECs"), especially as to providers of one-way and two-way short messaging services ("Paging Carriers"). Attached to this letter are the bullet points which formed the basis of Arch's discussion.

Arch suggests that the attached guidelines should apply irrespective of whether the Commission asserts jurisdiction over CMRS interconnect questions under Section 332 (c) or Section 251 of the Communications Act, and irrespective of whether the interconnected traffic is interstate or intrastate in nature.

Arch left with the Commission the results of a study conducted by MTA/EMCI with respect to NXX activation charges and monthly charges assessed per number by LECs in 57 different localities.[1/] The results demonstrate that monthly charges per number range from zero to as high as $0.5295 in the 57 localities surveyed. In its Comments filed with respect to the referenced proceedings, Arch provided examples of even higher recurring charges. A copy of the MTA/EMCI study results is attached.

Pursuant to Section 1.1206(a)(2) of the Commission's Rules, one copy of this letter is being submitted herewith. A copy of this letter also is being simultaneously delivered to the above-mentioned Commission staff persons.

Very truly yours,

Christine M. Crowe

Carl W. Northrop
Christine M. Crowe
for PAUL, HASTINGS, JANOFSKY & WALKER

Enclosures

cc: Karen Brinkmann (via hand-delivery)
Rhonda Lien (via hand-delivery)
Paul Kuzia
Mike Doyle
David Wilson
Ken Patrich

1/ Arch received permission from MTA/EMCI to provide the Commission with this information.

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DISCUSSION POINTS

Most importantly, Paging Carriers are in need of an FCC pronouncement that Paging Carriers must be permitted to recover costs associated with terminating land-originated calls (1) in order to achieve the goals of competitive neutrality and regulatory parity, and (2) in light of the mutual benefits which accrue to LECs and Paging Carriers from the interconnection relationship.

* The Commission's interconnection policy should strive to achieve competitive neutrality and regulatory parity.

  - Several CMRS providers offer both broadband (e.g., PCS and cellular) <u>as well as</u> narrowband (e.g., paging) services, in direct competition with paging-only service providers;

  - Both broadband and narrowband CMRS providers incur the same costs in connection with the termination of land-originated calls (i.e., switching and transport within the CMRS provider's network);

  - Calls terminated by Paging Carriers are indistinguishable to the LEC from those terminated by other CMRS providers;

  - An interconnection policy which excludes Paging Carriers would place paging-only providers at a competitive disadvantage vis a vis other CMRS providers providing multiple services (e.g., since the LEC is unable to distinguish between calls terminated to paging customers versus calls to PCS or cellular customers, the broadband service provider who also provides paging service would be compensated for terminating the land-originated call, even if it is terminated on a pager. The paging-only service provider would recover nothing for the same type of call.);

  - Any scheme which treats competing CMRS providers differently is inconsistent with the goals of competitive neutrality and regulatory parity

* LEC-CMRS interconnection is mutually beneficial.

  - Land-originated calls generate revenue for the LEC. The trend in all areas is toward charging LEC customers on the basis of actual usage. Where measured use charges are in effect the LEC collects appreciable revenues from every land-to-pager call. In flat rated areas, the LEC recovers monthly charges that are designed to cover both origination and termination costs. In a paging context, the termination costs are assumed by the wireless carrier, and the LEC realizes corresponding savings. Finally, where LECs bill Paging Carriers in minimum billing increments of one minute, even though the duration of a typical page is 15 seconds, the LEC enjoys a windfall in per minute revenue.

  - A paging message, by its very nature, invites the paging subscriber to place a return call to the originating caller. This call will be originated on LEC, CLC or wireless facilities, and will be terminated by the LEC. In effect, the paging company is "drumming up business" for the LEC, and the LEC will enjoy the additional revenue.

  - Paging Carriers enjoy a benefit of being interconnected to the LEC network. However, this is equally true of PCS, SMR, cellular and CLCs, all of which benefit from the existence of pager systems which make it possible for many more of their revenue-producing calls to be completed than would otherwise be the case.

In light of the foregoing, Arch requests <u>explicit</u> directions that:

* LECs are obligated to negotiate interconnect arrangements in good faith with all telecommunications carriers, including Paging Carriers.

* Unless mutually agreed by the relevant parties, interconnection arrangements between LECs and Paging Carriers must include provisions permitting compensation for call termination by the terminating carrier in either direction, must not contain unreasonable charges, must be non-discriminatory, and must not create a competitive disadvantage among competitors in the industry.

* The requirement for "reciprocal" compensation means that, just as LECs may recover compensation for mobile-originated calls terminated by them, so should Paging Carriers be compensated at comparable terms and rates for land-originated calls that are terminated on their networks.

* Charges assessed for numbers and switching/transport services must be cost-based and reasonable.

* Interconnect arrangements must achieve competitive neutrality and, therefore, cannot discriminate between similarly situated carriers. The non-discrimination prohibition applies to, among others, the rates and conditions assessed for telephone numbers, transport, and switching services. Since a call terminated by a Paging Carrier is indistinguishable from a call terminated by any other telecommunications carrier, the same compensation arrangements must be made available to Paging Carriers.

Arch applauds and appreciates the Commission's efforts in undertaking this thoughtful analysis of LEC-CMRS interconnection. Arch is hopeful that this presentation will assist the Commission in formulating interconnect policies which ensure regulatory parity among competitors and do not confer an unfair competitive advantage upon any particular class of competitor.

Table 7.11 Summary of Charges for Telephone Numbers

Location	Local Exchange Carrier	NXX Activation Charge	Monthly Charge Per Number
Alabama (Birmingham)	BellSouth	$4,300.00	$0.01
Alaska (Anchorage)	Alaska Telephone Utilities	$2,018.72	$0.00
Arizona (Phoenix)	U S WEST Communications	$0.00	$0.15
Arkansas (Little Rock)	SBC Communications	$8,300.00	$0.00
California (Los Angeles)	GTE	$11,950.00	$0.08
California (Los Angeles)	Pacific Bell	$30,600.00	$0.00
California (San Francisco)	Pacific Bell	$22,400.00	$0.00
Colorado (Denver)	U S WEST Communications	$0.00	$0.15
Connecticut (Hartford)	Southern New England Telephone (SNET)	$5,000.00	$0.53
Delaware (Wilmington)	Bell Atlantic	$0.00	$0.28
District of Columbia (Washington, DC)	Bell Atlantic	$0.00	$0.14
Florida (Miami)	BellSouth	$3,915.00	$0.01
Florida (Orlando)	Sprint LTD	$7,400.00	$0.00
Florida (Tampa)	GTE	$10,000.00	$0.01
Georgia (Atlanta)	BellSouth	$4,745.00	$0.01
Hawaii (Honolulu)	GTE	$6,500.00	$0.07
Idaho (Boise)	U S WEST Communications	$0.00	$0.15
Illinois (Chicago)	Ameritech	$8,764.00	$0.02
Indiana (Indianapolis)	Ameritech	$1,400.00	$0.22
Iowa (Des Moines)	U S WEST Communications	$0.00	$0.15
Kansas (Wichita)	SBC Communications	$6,800.00	$0.00
Kentucky (Louisville)	BellSouth	$1,875.00	$0.01
Louisiana (New Orleans)	BellSouth	$2,904.85	$0.01
Maine (Bangor)	Nynex	$4,500.00	$0.00
Maryland (Baltimore)	Bell Atlantic	$0.00	$0.14
Massachusetts (Boston)	Nynex	$0.00	$0.01
Michigan (Detroit)	Ameritech	$1,800.00	$0.04
Minnesota (Minneapolis)	U S WEST Communications	$0.00	$0.15
Mississippi (Jackson)	BellSouth	$3,200.00	$0.01
Montana (Helena)	U S WEST Communications	$0.00	$0.15
Nebraska (Lincoln)	Lincoln Telephone	$6,140.00	$0.00
Nebraska (Omaha)	U S WEST Communications	$0.00	$0.15
Nevada (Las Vegas)	Sprint LTD	$5,000.00	$0.00.
Nevada (Reno)	Nevada Bell	$960.00	$0.00
New Hampshire (Nashua)	Nynex	$4,500.00	$0.00
New Jersey (Newark)	Bell Atlantic	$0.00	$0.25
New Mexico (Santa Fe)	U S WEST Communications	$0.00	$0.15
New York (New York)	Nynex	$0.00	$0.00
North Dakota (Bismarck)	U S WEST Communications	$0.00	$0.15
Ohio (Cincinnati)	Cincinnati Bell	$0.00	$0.39
Ohio (Cleveland)	Ameritech	$100.00	$0.17
Oklahoma (Oklahoma City)	SBC Communications	$6,200.00	$0.00
Oregon (Portland)	U S WEST Communications	$0.00	$0.15
Pennsylvania (Pittsburgh)	Bell Atlantic	$0.00	$0.28
Puerto Rico (San Juan)	Puerto Rico Telephone Company	$10,200.00	$0.30
Rhode Island (Providence)	Nynex	$4,000.00	$0.00
South Carolina (Columbia)	BellSouth	$3,560.00	$0.01
South Dakota (Sioux Falls)	U S WEST Communications	$0.00	$0.15
Tennessee (Nashville)	BellSouth	$4,100.00	$0.01
Texas (Dallas)	SBC Communications	$8,000.00	$0.00
Utah (Salt Lake City)	U S WEST Communications	$0.00	$0.15
Vermont (Burlington)	Nynex	$1,800.00	$0.00
Virginia (Richmond)	Bell Atlantic	$0.00	$0.12
Washington (Seattle)	U S WEST Comm.	$0.00	$0.15
West Virginia (Wheeling)	Bell Atlantic	$0.00	$0.11
Wisconsin (Milwaukee)	Ameritech	$4,027.00	$0.18
Wyoming (Cheyenne)	U S West Comm.	$0.00	$0.15

Source: MTA-EMCI